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BYLINE: Jan Hopkins, Allan Dodds Frank, Rhonda Schaffler, Steve Young, Fred
Katayama, Donald Van de Mark, Casey Wian

HIGHLIGHT: **A coalition representing Blue Cross Blue Shield policyholders have
joined the war against tobacco.** The pace of home sales and runup in the stock
market have some economists worrying about inflation. Fifty years after
declaring itself independent, Israel honored the men and women who fought and
died for their young nation.

BODY:

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ANNOUNCER: Live from the financial capital of the world, New York City, this
is MONEYLINE WITH LOU DOBBS. Sitting in tonight, Jan Hopkins.

JAN HOPKINS, HOST: Good evening.

**Big tobacco tonight is facing yet another massive legal assault, this time
from the nation's biggest health insurer network. Blue Cross Blue Shield filed
suit today against the industry alleging fraud, conspiracy, and racketeering.**

Blue-chip stocks finally rebounding after five straight days of losses as a sliding bond market stabilized.

Every day, somewhere in the world, at least one new Starbucks is born. Now the corporate coffee giant is storming Europe with a bold acquisition. My guest tonight is Starbucks CEO Howard Schultz.

And Web site operators are using revealing celebrity photos to score big profits. Now one actress says, "Take them off and pay up."

But we begin tonight with tobacco's latest legal nightmare. A coalition representing 25 million Blue Cross Blue Shield policyholders joined the war against tobacco today.

Allan Dodds Frank reports.

(BEGIN VIDEOTAPE)

ALLAN DODDS FRANK, CNN CORRESPONDENT (voice-over): Blue Cross feels double crossed by big tobacco. Blue Cross Blue Shield groups from 37 states and the District of Columbia today filed lawsuits seeking billions of dollars in damages from the tobacco industry for smoking-related healthcare costs. The suits, filed in federal courts in Brooklyn, Chicago, and Seattle, accuse the industry of hiding the dangers of smoking.

DR. MICHAEL MCGARVEY, CHIEF MEDICAL OFFICER, BLUE CROSS BLUE SHIELD OF NEW HAMPSHIRE: The industry has conspired to commit fraud and to manipulate its products for greater and more profitable addictive power. These addictions have added billions of dollars to the cost of healthcare in this country and damaged innumerable lives.

FRANK: The lawsuits come as a trial underway in Minnesota has forced the release of thousands of industry documents. That case, filed by the State of Minnesota and Minnesota's Blue Cross Blue Shield, inspired today's actions. Now, under the banner of the Coalition for Tobacco Responsibility, Blue Cross Blue Shield groups covering 70 percent of the country are claiming the industry addicted smokers and deliberately thwarted development of safer cigarettes. A verdict in Minnesota could come as early as next week, and a Blue Cross victory there could be crucial to the latest cases.

VINCENT FITZPATRICK, BLUE CROSS BLUE SHIELD ATTORNEY: If the Minnesota Blue Cross Blue Shield wins, then some of the issues decided in that case may be determined for all time as far as the tobacco industry is concerned. They may not be able to re-litigate. Basically, they may not be able to fight the battle again.

FRANK: Tobacco companies quickly denounced the suits. RJR Nabisco called the move simply the latest effort to get aboard the tobacco gravy train.

(END VIDEOTAPE)

FRANK: But here on Capitol Hill, politicians notice lawsuits filed by companies with more than 25 million customers. So this is one more force opposing any legislative effort to limit tobacco industry damages.

Jan.

HOPKINS: Well, Allan, late today, we got word that Newt Gingrich is stepping in to try to block the tobacco legislation. What's that about?

FRANK: Jan, that's an effort in another direction to block tobacco industry damages. We just confirmed that at a -- the speaker led a meeting of House Republican leaders yesterday, actually, and they decided to block a joint bill that was being sponsored by Tom Bliley, the Republican chairman of the House Commerce Committee, and Henry Waxman, one of the leading Democratic opponents of tobacco, and that bill, in some ways, was even stronger than the McCain bill, and the tobacco industry didn't want to see that go anywhere. It's uncertain whether they want Bliley to revive his efforts at all or they're just going to wait to see what the Senate does.

Jan.

HOPKINS: Thanks. Allan Dodds Frank in Washington.

On Wall Street today, the Dow Industrials bouncing back from a five-session losing streak, but the blue-chip index cut a strong 95- point rally by nearly half. The Dow at the close was up 52 points. It finished at 8,951. The NASDAQ extended yesterday's advance. It jumped nearly 20 to close at 1,851. Stocks also got a lift from steady bond prices which barely budged ahead of tomorrow's reading on labor costs.

But as Rhonda Schaffler reports, today's rebound does not necessarily mean that stocks are back on solid footing.